



Minutes City Council's Finance, Economy & Veterans' Affairs Committee May 15, 2007

Minutes of the City Council's Finance, Economy & Veterans' Affairs Committee held on Tuesday, May 15, 2007, 3:00 p.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Vice Mayor Hut Hutson, Chair
Councilmember Mark Mitchell

City Staff Present:

Mary Anders, Mgmt. Asst.
Brenda Buren, Assistant Police Chief
Tom Duensing, Dep Financial Svcs Mgr
Jerry Hart, Financial Svcs Mgr
Jan Hort, City Clerk
Rosa Inchausti, Diversity Mgr
Mark Richwine, Parks and Rec Mgr

Guests Present:

None.

Vice Mayor Hutson called the meeting to order at 3:00 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – ADA Task Force Report

Vice Mayor Hutson stated that the ADA Task Force Report had been previously discussed.

Agenda Item 3 – OPEB Update

Tom Duensing summarized the status on the new hire plan.

- Staff direction at the 4/19 IRS was to proceed with Option 2 which designates monthly payments into a health savings account for employees hired July 1, 2007, and thereafter.

- Staff met with benefits consultant to outline procedure. Consultant will provide information on opening a bid for an account administrator and will assist with structuring the new plan under the Internal Revenue Code.
- The consultant is experienced in working with government entities.
- Staff will provide periodic status updates on the new hire plan.

Mr. Duensing continued with information on the current employee plan.

- Staff is seeking Committee's direction to hire a consultant to facilitate this process.
- The City of Phoenix and the Tempe Union High School District have been successful with this approach and feel that it provides an effective neutral third party.
- Staff is recommending that the health insurance committee, composed of representatives from all employee groups, address this issue. The health insurance committee would develop options and make recommendations to this Finance Committee.
- Mr. Duensing has talked with employee groups and has indicated that the process for current employees will take at least one year.
- A target figure should be determined through the next long-range process, which will kick off in November and be presented to Council early in the next calendar year. Based on that information, options on potential changes can be examined.

Vice Mayor Hutson stated that it is important to take the time to get it right the first time. He directed staff to proceed with hiring a consultant and referred this to the health insurance committee.

Mr. Duensing added that the initial actuarial study was done two years ago, with an actuarial study required every two years. Three actuarial studies are built into the contract. The second study will be done as of June 30, 2007, and the results will be used for the first round of financial statements.

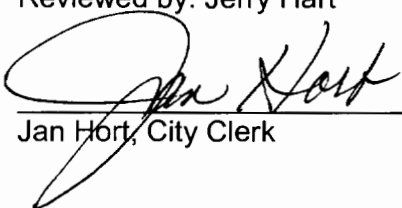
Jerry Hart added that employees have consistently asked for the target amount of what can be comfortably funded for retirement healthcare costs each year. That really can't be determined until the City's long range forecast is updated. Based upon that update, staff will be recommending the parameters to the health insurance committee.

Agenda Item 4 – Future Agenda Items

No items were discussed.

Meeting adjourned at 3:12 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart



Jan Hart, City Clerk